

## Senate Bill No. 1801

### CHAPTER 157

An act to amend Section 54962 of, and to add Section 37606.1 to, the Government Code, relating to municipal hospitals.

[Approved by Governor August 23, 2006. Filed with  
Secretary of State August 23, 2006.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 1801, Ducheny. Municipal hospitals: closed meetings.

Existing law authorizes the board of trustees that manages a municipal hospital to meet in closed session to discuss reports of hospital trade secrets, as defined, with specified exceptions.

This bill, in the case of a municipal hospital with a board of trustees appointed by a mayor, would similarly authorize the city council to meet in closed session to discuss reports of that hospital's trade secrets.

This bill would also state findings and declarations of the Legislature for limiting the public's right of access to specified meetings of a legislative body of a local agency.

*The people of the State of California do enact as follows:*

SECTION 1. Section 37606.1 is added to the Government Code, to read:

37606.1. (a) When a municipal hospital established pursuant to this article is managed by a board of trustees that is appointed by the mayor, the city council may meet in a closed session held solely for the purpose of discussion, deliberation, or both, of reports involving trade secrets of the municipal hospital. Except as provided in this section, the closed session shall comply with all applicable requirements of Chapter 9 (commencing with Section 54950) of Division 2 of Title 5.

(b) "Hospital trade secrets," as used in this section, means a "trade secret," as defined in subdivision (d) of Section 3426.1 of the Civil Code, and which meets all of the following:

(1) Is necessary to initiate a new hospital service or program or add a hospital facility.

(2) Would, if prematurely disclosed, create a substantial probability of depriving the hospital of a substantial economic benefit.

(c) The exception provided in subdivision (a) to the general open meeting requirements for a meeting of the city council shall not apply to a meeting where there is action taken, as defined in Section 54952.6.

(d) Nothing in this section shall be construed to permit the city council to order a closed meeting for the purposes of discussing or deliberating, or to permit the discussion or deliberation in any closed meeting of, any proposals regarding any of the following:

(1) The sale, conversion, contract for management, or leasing of any municipal hospital or the assets thereof, to any for-profit or nonprofit entity, agency, association, organization, governmental agency, person, partnership, corporation, or hospital district.

(2) The conversion of any municipal hospital to any other form of ownership by the city.

(3) The dissolution of the municipal hospital.

SEC. 2. Section 54962 of the Government Code is amended to read:

54962. Except as expressly authorized by this chapter, or by Sections 1461, 1462, 32106, and 32155 of the Health and Safety Code, or by Sections 37606, 37606.1, and 37624.3 of the Government Code as they apply to hospitals, or by any provision of the Education Code pertaining to school districts and community college districts, no closed session may be held by any legislative body of any local agency.

SEC. 3. The Legislature finds and declares that Section 1 of this act, which adds Section 37606.1 to the Government Code, imposes a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

In order to ensure that a city council can discuss or deliberate about a municipal hospital without disclosing the hospital's trade secrets, it is necessary that the council be authorized to meet in closed session for this purpose.